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6 March 1986

MEMORANDUM FOR: Deputy Director for Administration

FROM: Henry P. Mahoney
Director of Logistics

SUBJECT: Applicant Processing Center - [redacted]

REFERENCE: Routing Sheet to DA Offices fm DDA dtd
25 Feb 1986, Same Subject, w/att Ltr to DDA
fm [redacted] dtd 31 Jan 1986. Subject: The
Advisability of Retaining [redacted]
as a Processing Center -- Pros and Cons

1. The concept of establishing a Processing Center (PC) in either [redacted] or other commercial space was examined for two time periods. If done prior to completion and occupancy of the New Headquarters Building (NHB), the cost would be in excess of \$5 million because new external space must be acquired and secured to house organizations dislocated from [redacted] before they would move into the NHB. Starting facilities work for a PC after [redacted] is mostly emptied by occupancy of the NHB results in a cost estimate of \$1,635,000 for moving costs, design and renovation at NHB. That estimate accounts for alteration of NHB offices built for portions of OP and OS and backfilling by OIS and '85-'88 growth for DA elements coming to NHB. The facility costs at [redacted] for a PC are estimated to be the same as they would be for backfilling the building with other Agency activities, with the exception of relocating the Food Service to the ground floor which would cost an additional estimated \$250,000.

2. A further cost imposed by the combination of a PC and the suggested backfill of NHB is a shortfall in external space resulting in the need to retain an additional small building (25,000 Sq Ft net). A building such as [redacted] which already has secure communications, would cost approximately \$650,000 per year for rent, utilities and guards.

Henry P. Mahoney

OL 10038-86

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MEMORANDUM FOR: Deputy Director for Administration

FROM: Henry P. Mahoney
Director of Logistics

STAT SUBJECT: Applicant Processing Center [REDACTED]

STAT REFERENCE: Routing Sheet to DA Offices fm DDA dtd 25 Feb 86
STAT Same Subj, w/att Ltr to DDA [REDACTED]
dtd 31 Jan 86, Subj: The Advisability of Retaining
[REDACTED] as a Processing Center---Pros
and, Cons

STAT 1. You requested, on the routing sheet transmitting the referent document, that the Office of Logistics (OL) comment on the establishment of an Applicant Processing Center at [REDACTED].
[REDACTED] In this response I am making no judgment on the STAT advisability or non-advisability of a centralized Agency applicant processing center. Rather, my comments are confined to the impact that the creation of such a facility would have on the OL. Depending on when you would propose to initiate design and renovation efforts, the impact of the creation of such a facility would be felt by as many as three separate OL components -- the New Building Project Office (NBPO), the Headquarters Maintenance, Operations, and Engineering Division (HOME), and the Real Estate and Construction Division (RECD). In addition, the impact on our ability to accomplish the task may well be substantial. The following paragraphs attempt to explain more fully the various impacts that would be created and the extent of the impacts on the OL.

2. (A). Immediate Creation of an Applicant Processing Center:/
Immediate Backfill of the Vacated New Headquarters
Building Space:

STAT If the Agency decides to create such a centralized center in the near-term -- that is, makes a decision now to create such a facility within the next several months, then the impact on the New Headquarters Building would be overwhelming if OL is concurrently tasked with again reconfiguring the 46,500 or so square feet that would be vacated by processing components that are presently assigned there. At the same time, the impact on HOME, in terms of the redesign and renovation of [REDACTED] would not be insignificant.

Rough order of magnitude costs required to accomplish this redesign of twice-previously-designed space is estimated at:

	Design cost - estimate	
STAT	New Headquarters Building	\$ 75,000
	[]	140,000
	Direct cost of construction/renovation - estimate	
STAT	New Headquarters Building	1,500,000
	[]	730,000
	Indirect cost of construction -	
	schedule slippage: New Headquarters Building	950,000
	Move costs	60,000
	Preliminary Total Estimate of OL Costs	<u>\$3,455,000</u>
		=====
	New Headquarters Building schedule	
	slippage estimate	6 months

This would be the most expensive option, primarily because of the disruptive effect it would have on the New Headquarters Building ongoing construction process. Additionally, it would give the construction contractor a massive opportunity to extract maximum cost/fee and funded schedule extension concessions from the government. The General Services Administration (GSA) construction and contract management managers would have literally no leverage in their negotiations with the contractor, either to maintain some semblance of the schedule or to keep additional costs within any bounds of reasonableness.

(B). Immediate Creation of an Applicant Processing Center:/
No Redesign of the Vacated New Headquarters Building
Space Until 1989:

STAT This, too, appears to be an expensive course of action. If the
 STAT [] is chosen as the location for the Center, there
 appear to be two problems and one advantage to this option. The
 first problem is that there is no existing space available to
 temporarily house the existing [] occupants who would
 be displaced by the creation of this Center. The only
 readily-apparent solution would be to obtain leased space on the
 commercial market. This space would probably be required for at
 least two years.

The second problem created by this option is that the 46,500 or so
 square feet of space in the New Headquarters Building designed for
 those components of the Offices of Security and Personnel that would
 be a part of the Center would, first of all, not be reconfigured
 until the New Building had been fully occupied. By so doing, the
 space would sit idle and unused for some period of time. Also, this
 option merely transfers from the NBPO to HOME the responsibility for
 reconfiguring the space.

Estimated costs associated with this option are:

	Commercial lease costs for + 50,000 Sq. Ft.	\$2,300,000
	for a two year period	
STAT	Redesign of []	140,000
	Redesign of commercially leased space	100,000
	Redesign of the New Headquarters	
STAT	Building	75,000
	Renovation of []	730,000
	Renovation of commercially-leased space	2,000,000
	Renovation of the New Headquarters	
	Building	1,500,000
	Moving costs	100,000
	Preliminary Estimate of Total OL Costs	<u>\$6,945,000</u>
		=====

Estimated completion date for total project 21 months after start

(C). Creation of An Applicant Processing Center in 1988 or 1989:
 From the OL perspective, this is the option that can be most easily accomplished. By that time, we will have adequate turn-around space to temporarily house displaced [] components until permanent office space can be identified, configured, and assigned. No disruption to the New Headquarters Building project will occur with this option. The redesign and renovation of [] space can be accomplished in an orderly fashion, given the lead-time available for the project.

The obvious disadvantage of this option is that the desired applicant processing facility will not be a reality for at least three more years.

The estimated costs associated with this option are:

	Design costs for the New Headquarters	
	Building	\$ 75,000
	Renovation costs for the New Headquarters	
	Building	1,500,000
	Moving costs	<u>60,000</u>
	Preliminary Estimate of Total OL Costs	<u>\$1,635,000</u>
		=====

STAT The cost attractiveness of this alternative is that the redesign and reconfiguration costs for [] are already covered. That is, the Agency has already planned to retain this building, redesign it and renovate it after its current occupants are relocated out of the building as a part of the New Headquarters Building occupancy. Thus, \$870,000 of cost that would otherwise be associated with this option does not have to be attributed solely to the Applicant Processing Center.

3. While there are undoubtedly additional options for accomplishing the Applicant Processing Center, the three discussed above are the principal ones considered by the Office of Logistics. Please be mindful of the fact that we have not attempted to address the communications, security, and data processing costs associated with either the placement of the Center proper or with the organizations that are to be displaced from [redacted]. These costs will, in our opinion, not be insignificant, but we did not have sufficient time to solicit the information from the responsible organizations.

4. Please also be aware that the selection of any option that involves redesign and renovation of the New Headquarters Building prior to its completion, or of any option that requires the acquisition of additional commercially-leased space for the temporary occupancy of employees displaced from [redacted] [redacted] will be both expensive and disruptive if accomplished in the midst of all the other priority facility-related activity that is currently ongoing.

5. We are available to discuss this with you further as your needs require.

Henry P. Mahoney